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RECIPROCITY TREATIES WITH LATIN AMERICA.

MESSAGE

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PRESIDENT OF THE UNITED STATES

AND

LETTER OF THE SECRETARY OF STATE

SUBMITTING THE

RECOMMENDATIONS OF THE INTERNATIONAL
AMERICAN CONFERENCE.

WASHINGTON:
GOVERNMENT PRINTING OFFICE,
1890.

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MESSAGE

FROM THE

PRESIDENT OF THE UNITED STATES,

TRANSMITTING

A letter of the Secretary of State relative to proposed reciprocal commercial treaties between the United States and the other American Republics.

JUNE 19, 1890.—Laid upon the table and ordered to be printed.

To the Senate and House of Representatives:

I transmit herewith, for your information, a letter from the Secretary of State, inclosing a report of the International American Conference, which recommends that reciprocal commercial treaties be entered into between the United States and the several other Republics of this hemisphere.

It has been so often and so persistently stated that our tariff laws offered an insurmountable barrier to a large exchange of products with the Latin American nations, that I deem it proper to call especial attention to the fact that more than 87 per cent. of the products of those nations sent to our ports are now admitted free. If sugar is placed upon the free list, practically every important article exported from those States will be given untaxed access to our markets, except wool. The real difficulty in the way of negotiating profitable reciprocity treaties is, that we have given freely so much that would have had value in the mutual concessions which such treaties imply. I can not doubt, however, that the present advantages which the products of these near and friendly States enjoy in our markets—though they are not by law exclusive—will, with other considerations, favorably dispose them to adopt such measures, by treaty or otherwise, as will tend to equalize and greatly enlarge our mutual exchanges.

It will certainly be time enough for us to consider whether we must cheapen the cost of production by cheapening labor, in order to gain access to the South American markets, when we have fairly tried the effect of established and reliable steam communication, and of convenient methods of money exchanges. There can be no doubt, I think, that with these facilities well established, and with a rebate of duties upon imported raw materials used in the manufacture of goods for export, our merchants will be able to compete in the ports of the Latin American nations with those of any other country.

If after the Congress shall have acted upon pending tariff legislation it shall appear that, under the general treaty-making power, or under any special powers given by law, our trade with the States represented in the Conference can be enlarged upon a basis of mutual advantage, it will be promptly done.

BENJ. HARRISON.

EXECUTIVE MANSION, June 19, 1890.

RECIPROCITY TREATIES WITH THE LATIN AMERICAN STATES.

LETTER FROM THE SECRETARY OF STATE.

DEPARTMENT OF STATE,
Washington, June 19, 1890.

To the PRESIDENT:

I beg leave to submit herewith the report upon "Customs Union" adopted by the International American Conference.

The act of Congress, approved May 24, 1888, authorizing the President to invite delegates to this Conference, named as one of the topics to be considered, "Measures toward the formation of an American customs union, under which the trade of the American nations shall so far as possible and profitable be promoted."

The committee of the Conference to which this topic was referred interpreted the term "customs union" to mean an association or agreement among the several American nations for a free interchange of domestic products, a common and uniform system of tariff laws and an equitable division of the customs dues collected under them.

Such a proposition was at once pronounced impracticable. Its adoption would require a complete revision of the tariff laws of all the eighteen nations, and most if not all our sister republics are largely, if not entirely, dependent upon the collection of customs dues for the revenue to sustain their Governments. But the Conference declared that partial reciprocity between the American Republics was not only practicable, but must necessarily increase the trade and the development of the material resources of the countries adopting that system, and it would in all probability bring about as favorable results as those obtained by free trade among the different States of this Union."

The Conference recommended, therefore, that the several Governments represented negotiate reciprocity treaties "upon such a basis as would be acceptable in each case, taking into consideration the special situations, conditions, and interests of each country, and with a view to promote their common welfare."

The Delegates from Chili and the Argentine Republic did not concur in these recommendations, for the reason that the attitude of our Congress at that time was not such as to encourage them to expect favorable responses from the United States in return for concessions which their Government might offer. They had come here with an expectation that our Government and people desired to make whatever concessions were necessary and possible to increase the trade between the United States and the two countries named. The President of the Argentine Republic, in communicating to his congress the appointment of Delegates to the International Conference, said:

The Argentine Republic feels the liveliest interest in the subject, and hopes that its commercial relations with the United States may find some practical solution of the question of the interchange of products between the two countries, considering that this is the most efficacious way of strengthening the ties which bind this country with that grand Republic whose institutions serve us as a model.

It was, therefore, unfortunate that the Argentine delegates, shortly

after their arrival in Washington, in search of reciprocal trade, should have read in the daily press that propositions were pending in our Congress to impose a heavy duty upon Argentine hides, which for many years had been upon the free list, and to increase the duty on Argentine wool. Since the adoption of the recommendations of the Conference, which I herewith inclose, hides have been restored to the free list, but the duty upon carpet wool remains, and, as the Argentine delegates declared, represents the only concession we have to offer them in exchange for the removal of duties upon our peculiar products.

Only those who have given the subject careful study realize the magnitude of the commerce of these sister nations. In 1888 the combined imports of Chili and the Argentine Republic reached the enormous sum of \$233,127,698. The statistics of Chilian commerce for 1889 have not yet been received, but the imports of the Argentine Republic for that year were \$143,000,000. These imports consisted, in the greater part, of articles that could have been furnished by the manufacturers of the United States; yet, in 1888, of the total of \$233,000,000 imports, we contributed but \$13,000,000, while England contributed \$90,000,000; Germany, \$43,000,000; and France, 34,000,000.

With our extraordinary increase in population, and the even more extraordinary increase in material wealth, our progress in trade with South America has been strangely hindered and limited.

In 1868, our total exports to all the world were \$375,737,000, of which \$53,137,000 went to Spanish America—14 per cent.

In 1888, our exports to all the world were \$742,368,000 (an increase of 100 per cent.), while but \$69,273,000 went to Spanish America, little more than 9 per cent.; and the greatest gain, (nine millions) has been noticed during the last two years.

It was the unanimous judgment of the delegates that our exports to these countries and to the other republics could be increased to a great degree by the negotiation of such treaties as are recommended by the Conference. The practical, every day experience of our merchants engaged in the trade, demonstrates beyond a question that in all classes of merchandise which we have long and successfully produced for export, they are able to compete with their European rivals in quality and in price; and the reiterated statement that our Latin American neighbors do not buy of us because we do not buy of them, or because we tax their products, has been annually contradicted by the statistics of our commerce for a quarter of a century.

The lack of means for reaching their markets has been the chief obstacle in the way of increased exports. The carrying trade has been controlled by European merchants who have forbidden an exchange of commodities. The merchandise we sell in South America is carried there in American ships, or foreign ships chartered by American commission houses. The merchandise we buy in South America is brought to us in European vessels that never take return cargoes, but sail for Liverpool, Havre, Bremen, or Hamburg with wheat, corn and cotton. There they load again with manufactured goods for the South American markets, and continue their triangular voyages, paying for the food they are compelled to buy of us with the proceeds of the sale of their manufactures in markets that we could, would supply, if we controlled the carrying trade.

France taxes imports as we do, and in 1880 her merchants suffered, as ours do now, from the lack of transportation facilities with the Argentine Republic. Under liberal encouragement from the Government, direct and regular steamship lines were established between Havre and

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Buenos Ayres, and, as a direct and natural result, her exports increased from \$8,292,872 in 1880, to \$22,996,000 in 1888.

The experience of Germany furnishes an even more striking example. In 1880 the exports from Germany to the Argentine Republic were only \$2,365,152. In 1888 they were \$13,310,000. "This result," writes Mr. Baker, our most useful and intelligent consul at Buenos Ayres, "is due, first to the establishment of quick and regular steam communication between the two countries; second, to the establishment of branch houses by German merchants and manufacturers; and third, to the opening of a German-Argentine bank to facilitate exchange."

There is no direct steam-ship communication whatever between the United States and the Argentine Republic; and there are no direct banking facilities. The International American Conference has earnestly recommended the establishment of both; but reciprocal exchanges of tariff concessions will be equally effective in stimulating commerce, and in increasing the export of the products of which we have the largest surplus, not only to the progressive Republic named, but to all the other American nations.

The Conference believed that while great profit would come to all the countries if reciprocity treaties should be adopted, the United States would be by far the greatest gainer. Nearly all the articles we export to our neighbors are subjected to heavy customs taxes; so heavy, in many cases, as to prohibit their consumption by the masses of the people. On the other hand, more than 87 per cent. of our imports from Latin America are admitted free, leaving but 12 per cent. upon which duties may still be removed. But, mindful of the fact that the United States has, from time to time, removed the duties from coffee, cocoa, india rubber, hides, cinchona bark, dye and cabinet woods, and other Latin America products, our Government may confidently ask the concessions suggested.

The increased exports would be drawn alike from our farms, our factories, and our forests. None of the Latin American countries produce building lumber; the most of them are dependent upon foreign markets for their breadstuffs and provisions, and in few is there any opportunity or inclination for mechanical industry.

The effect of such reciprocity would be felt in every portion of the land. Not long ago the Brazilian Mail Steam-ship Company took the trouble to trace to its origin every article that composed the cargo carried by one of its steamers to Rio de Janeiro, and the investigation disclosed the fact that thirty-six States and Territories contributed to the total, as follows:

New York.....	\$74,546.00	North Carolina.....	2,647.00
Vermont.....	96.00	Maryland.....	2,359.00
Delaware.....	20,908.00	Mississippi.....	2,056.00
Illinois.....	19,331.47	Louisiana.....	2,111.00
New Jersey.....	17,054.40	Wyoming.....	1,800.00
Pennsylvania.....	43,065.00	Oregon.....	1,183.00
Connecticut.....	11,874.00	Tennessee.....	1,150.00
Kansas.....	11,332.00	Iowa.....	807.00
Indiana.....	9,098.00	South Carolina.....	587.00
Massachusetts.....	7,190.00	Kentucky.....	781.00
Ohio.....	6,250.00	Wisconsin.....	576.00
New Hampshire.....	6,035.00	California.....	239.00
Missouri.....	5,773.00	Dakota.....	220.00
Georgia.....	5,096.00	Texas.....	162.00
Rhode Island.....	4,020.00	Nebraska.....	125.00
Michigan.....	3,732.00	Alabama.....	56.00
Virginia.....	3,704.50	Florida.....	40.00
Maine.....	2,765.00		
Minnesota.....	2,668.00		
			<hr/> \$301,417.41

The 12 per cent. of our imports from Latin America upon which duties are still assessed consists only of raw sugar, and the coarse grades of wool used in the manufacture of carpets.

The sugar-growing nations comprise four-fifths, or 40,000,000, of Latin America; but with geographical conditions against them, their free labor can not successfully compete with the coolie labor of the European colonies. A slight discrimination in their favor would greatly stimulate their agricultural interests, enlarge their purchasing power, and tend to promote friendly sentiments and intercourse.

The wool-growing nations are Chili, Uruguay, and the Argentine Republic, and from them our manufacturers of carpets receive a great portion of their supply. It was most strongly urged by the Delegates who had carefully studied this subject, that the free admission of coarse wools from these countries could not prove injurious to the wool-growers of the United States, because the greater profit derived by them from the higher grades discourages, if it does not actually prohibit, their production. On the contrary, they maintained that the free importation of the coarse wool would result in a large reduction in the cost of the cheaper grades of carpets, and enable the manufacturers of the United States to secure an enormous export trade in these fabrics. It was also suggested that the use of the coarse wools for the purpose of adulteration in the manufacture of clothing might be prevented by requiring that imports withdrawn for the manufacturer of carpets should be so designated to exempt them from customs dues, and the existing duty retained upon those used for other purposes.

The wool-growers of the Argentine Republic protest against what they consider a serious discrimination against their product in the tariff laws of the United States, which impose a duty upon the gross weight instead of the value of the article. The Argentine wools are much heavier in grease and dirt than those from Australia and New Zealand, which is said to be due to unavoidable climatic conditions, and sell at a lower price. But the imports from the three countries are subject to the same duty. This fact was very strongly urged, to the end that at least equal advantages should be given to the products of a friendly country with which we are endeavoring to build up a trade.

Excepting raw cotton, our four largest exports during the last fiscal year were breadstuffs, provisions, refined petroleum, and lumber.

The following statement shows the total exports of each of said articles in 1889, and the proportion exported to Latin America:

	Total exports.	Exported to Latin America.
Breadstuffs.....	\$123, 876, 423	\$5, 123, 528
Provisions.....	104, 122, 328	2, 507, 375
Refined petroleum.....	44, 830, 424	2, 948, 149
Wood and lumber.....	26, 907, 161	5, 039, 886

These figures should be closely studied. It would be difficult to understand, but for the explanations given in the Conference, why, out of the three hundred millions of staples exported from this country, only fifteen millions should be consumed in all Latin America with its population of fifty millions of people, when the United States is the only source of supply for these articles, which are regarded by us as the necessities of life.

The foreign delegates all agreed that this proportion could be increased many fold by extending to their people the ability to purchase; and the ability to purchase rests, in their opinion, upon reciprocal concessions.

Attached hereto is a statement showing the duties charged by the South American countries of the largest commerce upon the articles which they import chiefly from the United States; and also a statement showing the meager amounts of our peculiar exportable products shipped to the several Latin-American States. By a comparison of these statements the effect of the removal of the duties upon these articles by the countries of Latin America will at once be apparent.

Fifteen of the seventeen Republics with which we have been in conference have indicated, by the votes of their representatives in the International American Conference, and by other methods which it is not necessary to define, their desire to enter upon reciprocal commercial relations with the United States; the remaining two express equal willingness, could they be assured that their advances would be favorably considered.

To escape the delay and uncertainty of treaties it has been suggested that a practicable and prompt mode of testing the question was to submit an amendment to the pending tariff bill, authorizing the President to declare the ports of the United States free to all the products of any nation of the American hemisphere upon which no export duties are imposed, whenever and so long as such nation shall admit to its ports free of all national, provincial, (state), municipal, and other taxes, our flour, corn meal, and other breadstuffs, preserved meats, fish, vegetables and fruits, cotton-seed oil, rice and other provisions, including all articles of food, lumber, furniture and other articles of wood, agricultural implements and machinery, mining and mechanical machinery, structural steel and iron, steel rails, locomotives, railway cars and supplies, street cars, and refined petroleum. I mention these particular articles because they have been most frequently referred to as those with which a valuable exchange could be readily effected. The list could no doubt be profitably enlarged by a careful investigation of the needs and advantages of both the home and foreign markets.

The opinion was general among the foreign delegates that the legislation herein referred to would lead to the opening of new and profitable markets for the products of which we have so large a surplus, and thus invigorate every branch of agricultural and mechanical industry. Of course the exchanges involved in these propositions would be rendered impossible if Congress, in its wisdom, should repeal the duty on sugar by direct legislation, instead of allowing the same object to be attained by the reciprocal arrangement suggested.

Respectfully submitted.

JAMES G. BLAINE.

APPENDIX A.

EXPORTS TO LATIN AMERICA.

Statement showing the amount of breadstuffs, provisions, refined petroleum, and lumber exported to the Latin American States during the fiscal year ending June 30, 1889; also the population of each of said States.

BREADSTUFFS.

In 1889 our shipment of breadstuffs to Latin America were as follows:

	Population.	Exports.
Mexico	12, 000, 000	\$345, 048
Central America	2, 800, 000	821, 318
Colombia	3, 900, 000	821, 318
Venezuela	2, 200, 000	668, 766
Brazil	14, 000, 000	2, 812, 281
Uruguay	600, 000	2, 033
Ecuador	1, 000, 000	None.
Argentine Republic	3, 900, 000	Do.
Bolivia	1, 200, 000	Do.
Chili	2, 500, 000	Do.
Paraguay	250, 000	Do.
Peru	2, 600, 600	46, 284
Total	46, 950, 000	5, 136, 528

PROVISIONS.

Our exports of provisions during the same year were as follows:

	Population.	Exports.
Mexico	12, 000, 000	\$390, 425
Central America	2, 800, 000	265, 873
Colombia	3, 900, 000	607, 474
Venezuela	2, 200, 000	554, 653
Brazil	14, 000, 000	438, 395
Uruguay	600, 000	42, 900
Ecuador	1, 000, 000	None.
Argentine Republic	3, 900, 000	49, 431
Bolivia	1, 200, 000	None.
Chili	2, 500, 000	Do.
Paraguay	250, 000	Do.
Peru	2, 600, 000	114, 873
Total	46, 950, 000	2, 507, 375

REFINED PETROLEUM.

Our shipments of refined petroleum were as follows:

	Population.	Exports.
Mexico	12, 000, 000	\$175, 537
Central America	2, 800, 000	None reported.
Colombia	3, 900, 000	Do.
Venezuela	2, 200, 000	88, 926
Brazil	14, 000, 000	832, 367
Uruguay	600, 000	241, 276
Ecuador	1, 000, 000	None.
Argentine Republic	3, 900, 000	426, 654
Bolivia	1, 200, 000	None.
Chili	2, 500, 000	183, 389
Paraguay	250, 000	None.
Peru	2, 600, 000	Do.
Total	46, 950, 000	2, 048, 149

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Statement showing the amount of breadstuffs, etc., exported to the Latin American States, etc.—Continued.

WOOD AND LUMBER.

Our exports of wood and the manufactures thereof, including furniture, were as follows:

	Population.	Exports.
Mexico	12,000,000	\$1,280,126
Central America	2,800,000	205,160
Colombia	3,900,000	457,519
Venezuela	2,200,000	72,765
Brazil	14,000,000	384,495
Uruguay	600,000	412,754
Ecuador	1,000,000	None.
Argentine Republic	3,900,000	1,839,012
Bolivia	1,200,000	None.
Chili	2,500,000	279,495
Paraguay	250,000	None.
Peru	2,600,000	108,560
Total	46,950,000	5,039,886

APPENDIX B.

SOUTH AMERICAN TARIFF.

The following statement shows the duties charged by several countries of South America upon the principal articles imported from the United States. Duties are assessed upon the gross weight of the package, including the lumber of which it is made, and the waste often used to fill up. The duty on petroleum, for example, is charged per pound upon the whole, the can and the wooden frame that incloses the can.

ARGENTINE REPUBLIC.

Law 1886. Tariff not a continuing law. Only runs the year for which enacted; each Congress modifying its provisions. Tariff except for a few specified articles is ad valorem.

Tariff for 1889.—Specified articles.

Wheat	per cwt..	\$0.80
Starch	do	3.50
Crackers and biscuits	do	4.50
Flour and corn meal	do	2.00
Kerosene	per quart..	.05
Furniture, preserved fruits, preserved vegetables, preserved meats	per cent. ad valorem	45
White pine and spruce lumber	per cent. ad valorem ..	10
Agricultural implements:		
Plows	per cent. ad valorem ..	5
Spades, handles, axes, hatchets, cutting knives, sickles	do	25
Machines for adjusting wire fences; for making butter	do	25
Fanning-machines	do	5
Corn mills	do	25
Threshing-machines	do	5
Steam-engines	do	5
Mowers and reapers	do	5
Fish	do	25
Provisions:		
Beef, pork, bacon, lard, butter, cheese, etc	do	25
Hams	Free	

NOTE.—By a supplemental law there is a duty of 1 per cent. additional to the rates above specified on all articles of importation.

RECIPROCITY TREATIES WITH THE LATIN AMERICAN STATES. 11

BRAZIL.

Breadstuffs:		
Barley	per cwt..	\$4.00
Biscuits:		
Ship biscuits	do.....	.20
Other kinds of crackers	do.....	4.00
Corn	do.....	1.00
Flour	do.....	.20
Fish:		
Salted, dried, or pickled	do.....	.40
Preserved, in whatever manner prepared	do.....	5.70
Kerosene	do.....	1.10
Provisions:		
Hams, prepared in any way	do.....	4.70
Canned, of any preparation, not medical	do.....	5.70
Sausages	do.....	9.50
Lard	do.....	2.30
Butter	do.....	6.60
Cheese	do.....	5.70
Wood:		
Oak (stocks)	per meter..	\$0.16 to \$3.25
Pine (stocks) or other wood, not classified	do.....	.03 to 1.63
Planks or logs of oak, teak, or pine	per cubic meter..	.67
Staves	per pound..	.04
Chairs	each..	.12 to 3.36
Beds	do.....	3.36 to 12.60
Bureaux	do.....	2.10 to 12.60
Washstands	do.....	.75 to 8.40
Tables	do.....	1.63 to 15.12
Sofas	do.....	.63 to 8.40

CHILI.

	Specific.	Ad valorem.
Agricultural implements:		
Machinery, gross	\$10.00 per cwt.....	<i>Per cent.</i> 15
Plows, gross	\$6.50 per cwt.....	15
Spades, shovels, gross	\$20.00 per cwt.....	15
Forks:		
Three-teeth	\$7.00 per dozen	15
Four-teeth	\$3.00 per dozen	15
Five-teeth	\$12.00 per dozen	15
Six-teeth	\$15.00 per dozen	15
Biscuits:		
Ship	\$6.50 per cwt.....	35
Cabin	\$8.70 per cwt.....	35
Fish, large, dried, smoked, or salted, gross		
Salmon:	\$6.00 per cwt.....	35
Dried, smoked, or salted, gross	\$8.50 per cwt.....	35
Tinned, gross	\$12.50 per cwt.....	35
Small fish:		
Dried, smoked, or salted, net	\$8.50 per cwt.....	35
Tinned, net	\$11.00 per cwt.....	35
Fruits, preserves, gross	\$15.00 per cwt.....	35
Naptha, paraffine, petroleum, and kerosene	\$4.00 per cwt.....	25
Provisions, salted beef or pork, gross	\$6.00 per cwt.....	25
Lard:		
In tins, gross	\$15.00 per cwt.....	
In kegs, gross	\$11.00 per cwt.....	25
Cheese		
Vegetables:	\$20.00 per cwt.....	25
Dried, gross	\$15.00 per cwt.....	35
In water, vinegar, or sauce (bottled), gross	\$10.00 per cwt.....	25
In water, vinegar, or sauce (barreled), gross	\$5.00 per cwt.....	25
Wood, furniture on valuation		35

NOTE.—In addition to the percentage specified in the tariff there is a surcharge of 40 per cent. on all goods.

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COLOMBIA.

[Gross weight.]	Per cwt.
Flour, corn meal, and other breadstuffs	\$2.30
Potatoes, onions, corn, rice, and beans50
Codfish, meat in pickle	2.30
Preserved meats	10.00
Petroleum	4.50
Lumber50
Beds, large tables for dining	2.50
Other furniture	15.00
Iron or steel wire for fences	1.50
Machinery exceeding a ton in weight50
under a ton in weight	2.50
Agricultural machines	1.60

NOTE.—An additional duty of 25 per cent. is charged (under decree 693 of 1885).

VENEZUELA.

[Gross weight.]	Per cwt.
Breadstuffs:	
Bran, barley (in husk), corn, oats, rice (in grain), rye (in grain), wheat (in grain)	\$0.87
Beans, rice (ground), potatoes	2.21
Barley, corn starch	6.63
Crackers, sweet	6.64
plain	2.21
Wheat flour	2.21
Potatoes, corn and rye flours	6.63
Fruits:	
Fresh apples, pears, and grapes87
Dried, or in liquor or in sirup	6.63
Fish (salt or smoked)	2.21
Steel wire	6.63
Iron wire (galvanized) unmanufactured87
Beer	2.21
Kerosene	2.21
Provisions:	
Hams, tongues	2.21
Lard and butter	2.21
Cheese	6.63
Vegetables, preserved	6.63
Wood manufactures:	
Common, such as boards, beams, and scantling of pine, oak, etc., for sawing into boards87
Sawed, planed, or joined, fine, for musical instruments and cabinet work, veneers, barrels, pipes, or hogsheds, set up or in part, staves, blinds, for doors and windows	2.21
Manufactured (not specified) billiard and bagatelle tables with accessories, boxes, chairs, piano stools, carpenters' chests, planes, saddle-trees, furniture (common) of wood, cane, or straw	6.63
Sashes, molding, trunks	11.05
Furniture, upholstered or of fine woods	11.05

APPENDIX C.

REPORT ON CUSTOMS UNION.

(As adopted by the Conference.)

The Committee on Customs Union has made a careful study of the questions submitted to its consideration by the International American Conference, in reference to forming a customs union among the several nations of this continent.

It is generally understood by customs union the establishing among several nations of a single customs territory, to wit, that the nations forming the union shall

collect import duties on foreign goods, under substantially the same tariff laws; divide the proceeds thereof in a given proportion, and mutually receive, free of duty, their respective natural or manufactured products.

The acceptance of this plan would demand, as a previous requirement, a change in the fundamental laws of the countries accepting the union. Even after they were ready to make such changes, a great many other difficulties, almost insurmountable, would have to be overcome; as, for instance, fixing the representation of each nation at the international assembly empowered to frame a common tariff and amend it in the future. The territorial extent, the populations, and the national wealth differ so much among the American Republics that if these conditions should be taken as the basis of representation at said assembly, the small States would not have sufficient protection for their interests; and, if all the nations were admitted as sovereign on an equal footing, the large ones would be insufficiently protected. It might be necessary, to obviate this difficulty, to create two bodies, one representing the population and the other the States, in the manner in which a like problem was solved in the Constitution of the United States of America. But this step would, in the opinion of the committee, require a partial sacrifice of the national sovereignty of the American nations, and more radical changes in their respective constitutions than in their judgment they are willing to accept.

If by customs union is meant the free-trade between the American nations of all their natural or manufactured products, which is, properly speaking, unrestricted reciprocity, the committee believes it is in principle acceptable, because all measures looking to the freedom of commerce must necessarily increase the trade and the development of the material resources of the countries accepting that system, and it would in all probability bring about as favorable results as those obtained by free-trade among the different States of this Union.

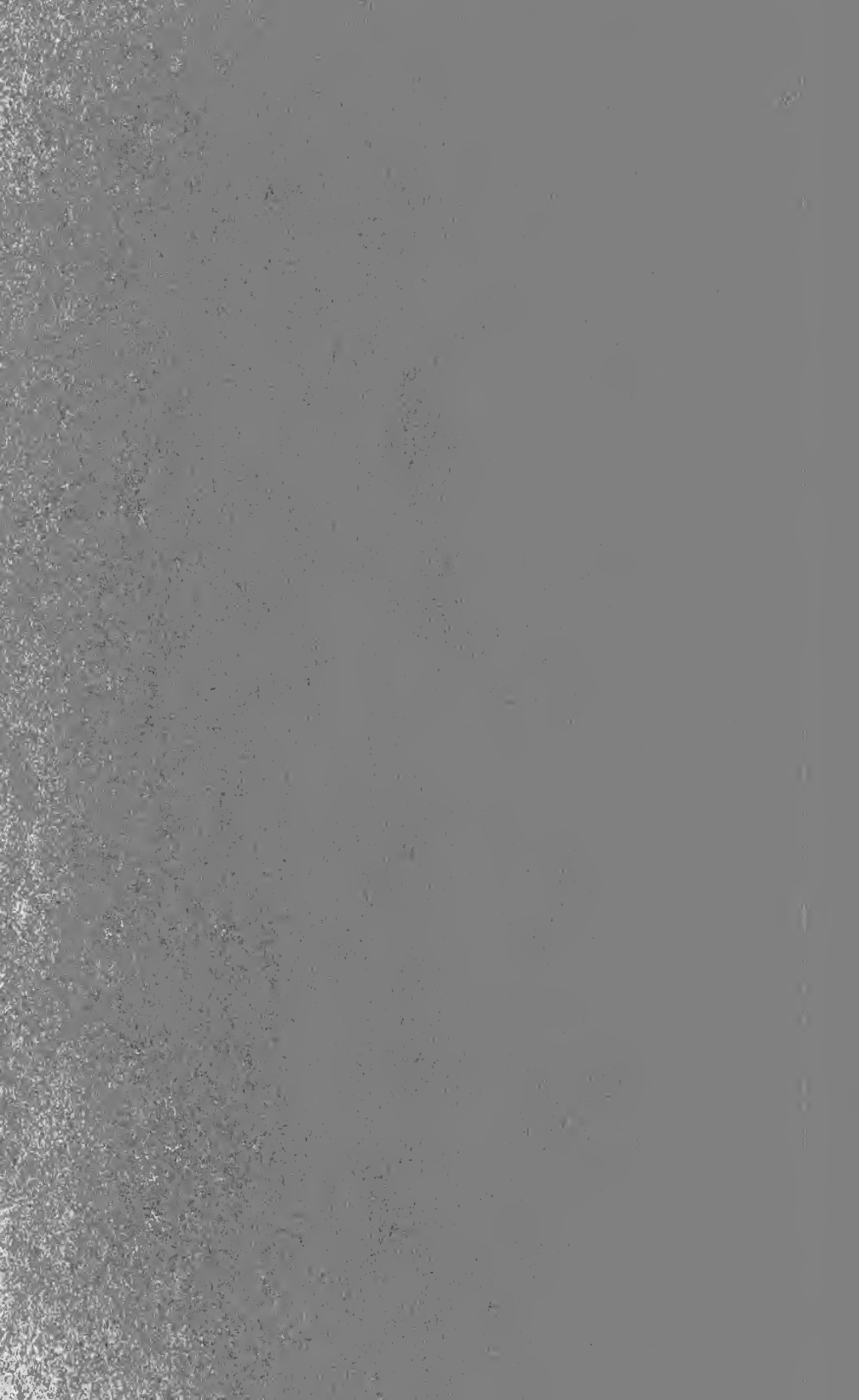
But while the committee believes that such a union is at present impracticable as a continental system, among other reasons because the import duties levied on foreign trade constitute the main sources of revenue of all the American nations, and such of them as are not manufacturing countries would thus lose more or less of such revenue, on which they depend in a great measure to defray their national expenses; while the manufacturing countries, such as the United States of America, would have to abandon, at least partially, the protective policy which they have adopted to more or less extent, and they do not seem yet prepared to change that system. Besides, a reciprocity treaty mutually advantageous between two contiguous countries might prove onerous if extended to all as a continental compact, especially as the products of many of the American Republics are similar. Therefore, while these obstacles are in the way, it seems premature to propose free trade among the nations of this hemisphere.

But although it is not easy, in the opinion of the committee, to reach at once unrestricted reciprocity, that end might be obtained gradually and partially. The first and most efficient step in that direction is the negotiation of partial reciprocity treaties among the American nations, whereby each may agree to remove or diminish their respective import duties on some of the natural or manufactured products of one or more of the other nations in exchange for similar and equivalent advantages, as, if the mutual concessions were not equivalent, the treaties would soon become odious, and could not last but for a limited time, and would discredit the system. If after this has been tried for some reasonable time a good result should follow, as it is to be expected, the number of articles on the free list might be enlarged in each case, from time to time, until they attain, through the development of the natural elements of wealth, other sources of revenue or an increase of the existing ones, which would allow the contracting nations to reach unrestricted reciprocity or a free trade among some or all the American nations.

RECOMMENDATION OF THE CONFERENCE.

Therefore the committee proposes:

To recommend to such of the Governments represented in the Conference as may be interested in the concluding of partial reciprocity, commercial treaties, to negotiate such treaties with one or more of the American countries as it may be in their interest to make them, under such a basis as may be acceptable in each case, taking into consideration the special situation, conditions, and interests of each country, and with a view to promote their common welfare.



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